



Energy Wholesale Market Review

Week Ending 4th August 2023



edw technology

EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com



Contents

Baseload electricity	3
Peak electricity	3
Seasonal power prices	4
Commodity price movements	4
Supplier tariff movements	5
Wholesale price snapshot	6
About EDW Technology Limited	7



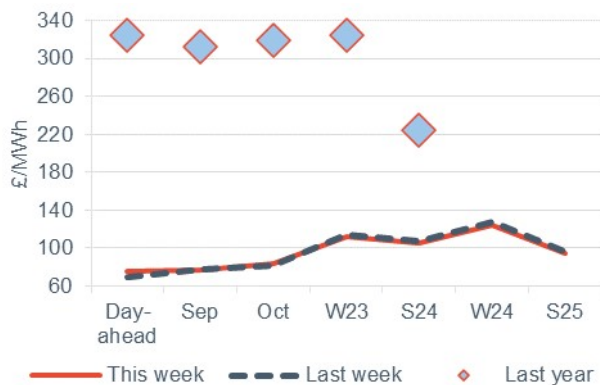
Headlines 04/08/2023

This week represented a relatively mixed outcome for gas and power prices, with conflicting market fundamentals dictating the movement of prices. Firstly, day-ahead gas rose 9.8% to 70.25p/th as plant maintenance at Troll and Kollsnes acts to reduce Norwegian flows and tighten gas supplies. Similarly, day-ahead power rose 8.6% to £76.00/MWh, supported by lower wind outturn and increased demand. Elsewhere, September 23 gas was up 8.4% at 73.20p/th, and October 23 gas increased 5.1% to 84.00p/th. Opposing this, most seasonal gas contracts declined last week, down by 1.0% on average - while both winter 23 and summer 24 gas dropped 1.5% and 1.6% respectively, subsiding to 115.00p/th and 120.50p/th. This comes following strong EU gas storage levels, acting to provide relative stability to seasonal contracts. All seasonal power contracts declined this week, down on average by 1.9%, as winter 23 power decreased 1.3% to £112.00/MWh, while summer 24 fell 2.3% to £105.50/MWh. Carbon markets saw a bearish sentiment from the week previous as UK ETS prices fell to a record low of £40.25/t on Thursday. Similarly, EU ETS carbon saw a 5.8% drop to €85.64/t.

Baseload electricity

- Day-ahead power rose 8.6% to £76.00/MWh, following its gas counterpart higher, with further gains supported by lower wind outturn and increased demand.
- However, September 23 power slipped 0.6% at £76.50/MWh, whereas October 23 power increased 2.9% to £83.50/MWh.
- Q423 power remained static at £106.00/MWh.
- The annual October 23 contract lost 1.8% to £108.75/MWh, 60.5% lower than the same time last year (£275.00/MWh).

Forward curve comparison



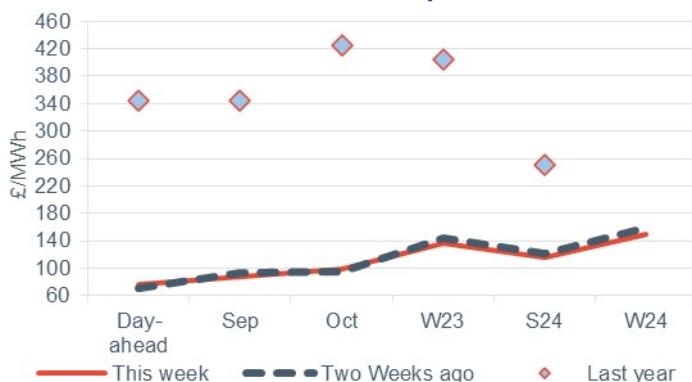
Annual October contract



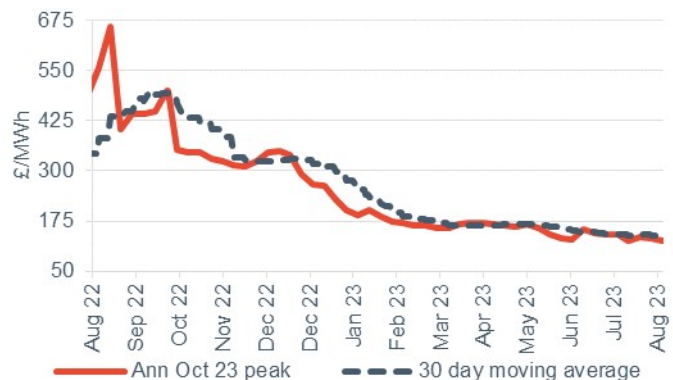
Peak electricity

- Day-ahead peak power was up 7.8% to £77.00/MWh, following its baseload counterpart higher.
- September 23 peak power declined 4.7% at £88.00/MWh, and October 23 peak power increased 3.3% to £99.00/MWh.
- The annual October 23 peak power rose 5.5% to £126/MWh.
- This is 61.5% lower than the same time last year (£327.62/MWh).

Forward curve comparison



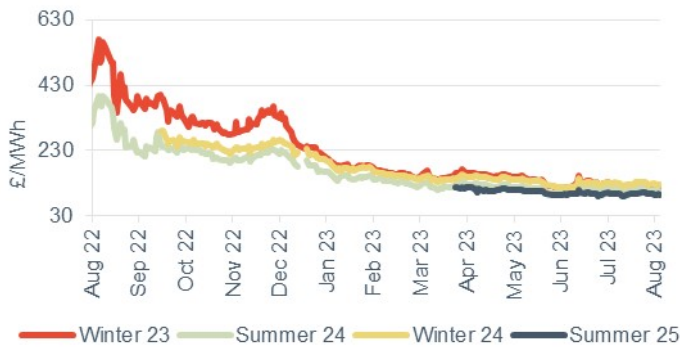
Annual October contract





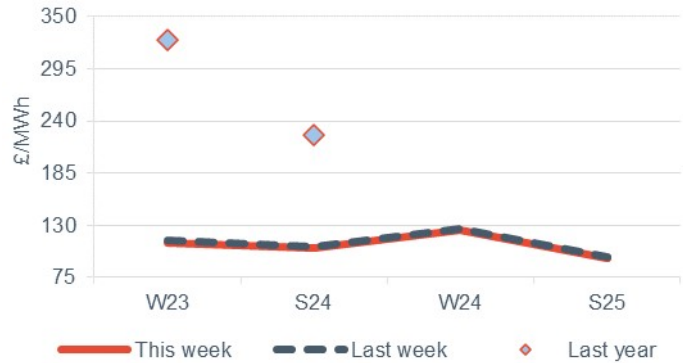
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 1.9%.
- Winter 23 power decreased 1.3% to £112.00/MWh, while summer 24 fell 2.3% to £105.50/MWh

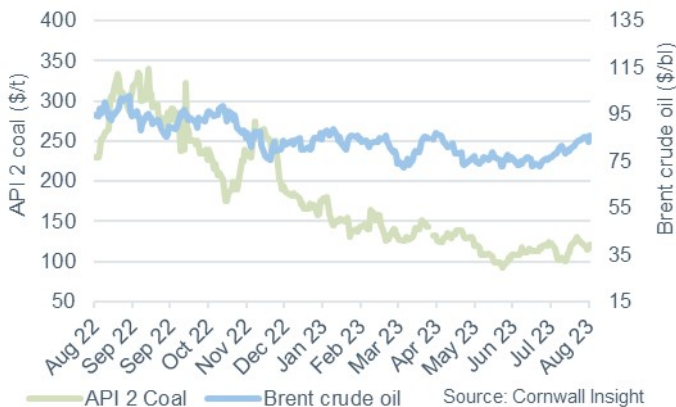
Seasonal baseload power curve



- Like baseload, all seasonal peak power contracts declined this week, down 5.5% on average.
- Both winter 23 and summer 24 peak power dropped 5.5%, falling to £136.50/MWh and £115.50/MWh respectively

Commodity price movements

Oil and coal



- Brent crude reached a three-month high of \$85.34/bl on 31 July during a period of sharp growth across oil prices in the latter half of July.
- For this week in particular, Brent crude registered a week-on-week gain of 2.2% to \$84.90/bl.
- Improving Chinese demand outlooks, and OPEC+ supply cuts were impacted by a U.S. government credit downgrade, reflecting an expected fiscal deterioration and a large government debt burden.
- Similarly, signs of profit-taking after rallying in July when some investors wagered on tightening global supply and demand growth provided further bearish sentiment, limiting the gains registered.
- Chinese economic growth is set to resurge according to some market commentators, further tightening the global supply/demand balance.

Carbon (UK and EU ETS)



- As the disparity between scheme prices remains at an all-time high, due to recent policy adjustments across both schemes, the UK ETS experienced its lowest price since the scheme opened in May 2021.
- UK ETS prices fell to a record low of £40.25/t on Thursday, finding support from a large drop in carbon-intensive power generation – averaging £42.77/t, down 10.9%.
- Similarly, EU ETS carbon saw its lowest value in two months, with prices dropping to €84.40/t on Wednesday.
- Price drops across the EU ETS were the result of growing selling pressure despite preparation for the August cut in auction supply, leading to a 5.8% drop to €85.64/t.
- The European Commission published a proposal regarding the annual volumes to be auctioned for the REPowerEU – with market analysts commenting the volume is higher-than-expected, potentially proving bearish support for carbon prices.



Supplier tariff movements

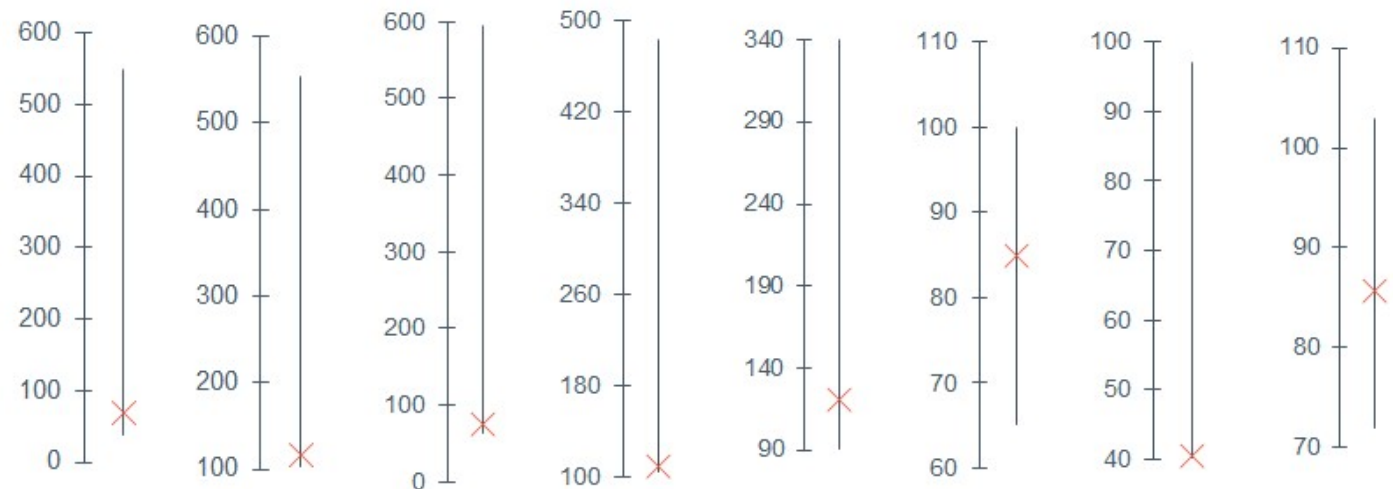
So Energy offered the cheapest fixed tariff in our dataset at 29 July with its So Juniper One Year Green tariff priced at £2,047/year on average, available to new and existing customers. Outfox the Market continued to offer the cheapest variable tariff with its Fox Standard Dual tariff, priced at £1,985/year on average, £89/year below the price cap.



Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	EUA carbon	UKA carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(£/t)	(\$/bl)
This week	4 Aug 23	70.25	117.75	76.00	108.75	120.50	84.91	40.50	85.75
Last week	28 Jul 23	64.00	119.60	70.00	110.75	126.00	88.55	47.25	83.87
Four weeks ago	7 Jul 23	79.00	131.50	85.00	122.00	122.00	86.50	51.45	76.75
Last year	4 Aug 22	319.00	283.94	270.00	266.25	250.00	78.35	80.40	97.15
Year-on-year % change		-78.0%	-58.5%	-71.9%	-59.2%	-51.8%	8.4%	-49.6%	-11.7%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	102.96
12-month low		38.75	103.15	62.50	105.10	91.50	65.09	40.25	72.05

This table shows the prices last week compared with prices from the previous week, month and year. The graphs show the position of last week's prices with a red X and the range of prices over the year is represented by the black line.





About EDW Technology Limited

EDW has an extensive history of developing, implementing and supporting its 'best of breed' retail electricity software solutions.

In 2000, EDW began building a revolutionary new electricity software platform to support the rigorous demands of the UK's deregulated electricity supply market – a market characterised by rapidly changing government regulation, business processes, market rules, industry dataflows and customer demands. EDW were founded as a provider of high quality, end-to-end IT services and we have remained true to that aim ever since, servicing a range of companies in the energy industry.

For over 22 years, our software product ERS has empowered business electricity suppliers to transform customer experience, improve business efficiency, reduce costs to serve and improve profitability.

EDW has a UK based team of 85 employees working from the EDW offices in Milton Keynes.

Industrial and commercial billing specialists

The industrial and commercial electricity supply market has unique business requirements that need to be serviced with a specialised set of IT system capabilities. Sophisticated business customers are willing to actively engage in the management of their energy accounts and solutions need to provide tools that support enhanced service interaction. EDW has gathered an extensive knowledge of the industrial and commercial market sector that enables the delivery of a powerful set of system capabilities essential to your requirements to service this complex and demanding market sector.

EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: www.edwtech.com

Copyright © 2023 EDW Technology Limited. All rights reserved.

No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from EDW Technology Limited.

All copyright, confidential information, patents, design rights and all other intellectual property rights of whatsoever nature contained herein are and shall remain the sole and exclusive property of EDW Technology Limited. The information furnished herein is believed to be accurate and reliable. However, no responsibility is assumed by EDW Technology Limited for its use, or for any infringements of patents or other rights of third parties resulting from its use.